

**US ARMY HAWAII**  
**(FORT SHAFTER, TRIPLER ARMY MEDICAL CENTER,  
ALIAMANU MILITARY RESERVATION, SCHOFIELD BARRACKS,  
WHEELER ARMY AIRFIELD, HELEMANO MILITARY RESERVATION)**

**REQUEST FOR QUALIFICATIONS (RFQ)  
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**DACA31-03-R-0001**

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## **1.0 INTRODUCTION**

a. The Department of The Army intends to improve the quality of on-post housing and communities currently provided to soldiers and their families. At many installations, Army Family Housing (AFH) does not meet current housing standards and there is a deficit of adequate/affordable housing off-post. The Army has considered a wide range of alternatives to address the persistent funding shortfall and resulting revitalization (construction and major maintenance and repair) backlog. This shortfall is the backlog of work needed on existing units to bring them up to current standards. During the mid-1990s, studies by several agencies [e.g., Marsh Quality of Life Task Force, Army Science Board, Congressional Budget Office (CBO), the General Accounting Office (GAO), and others] all came to the same conclusion that family housing could not be revitalized using only the traditional Military Construction (MILCON) Program.

b. The Army has awarded ten sites (Forts Carson, Hood, Lewis, Meade, Bragg, Campbell, Belvoir, Hamilton, Irwin, and the Presidio of Monterey/Naval Postgraduate School) under a program for housing and community development privatization called the Residential Communities Initiative (RCI). Through RCI, The Army seeks to improve the quality of life for soldiers and their families through the use of private sector resources and market-based incentives. RCI is an innovative program developed and managed under the oversight and direction of the Office of the Assistant Secretary of The Army (Installations and Environment), (OASA (I&E)) on behalf of the Secretary of The Army. The Army believes that housing privatization provides an excellent opportunity for addressing the housing needs of America's soldiers while providing an excellent business opportunity for its private partners.

### **1.1 Overview**

a. This requirement is being pursued under the Military Housing Privatization Initiative (MHPI) legislation (10 USC 2871-2885) enacted by Congress in 1996. The MHPI legislation allows the military services to leverage scarce appropriated funds and extensive existing assets (land and improvements). Additional information on the RCI program can be found at the website <http://rci.army.mil>.

b. The Hawaii sites are not contiguous but will be awarded as one project. The housing units for this project are located on the Island of Oahu. There are six different housing locations with a current family-housing inventory totaling 7,704 units. They are Fort Shafter with 559 units, Tripler Army Medical Center (TAMC) with 216 units, Aliamanu Military Reservation (AMR) with 2,018 units, Schofield Barracks with 3,366 units, Wheeler Army Airfield (WAAF) with 657 units, and Helemano Military Reservation (HMR) with 888 units. There is a potential to add an additional 300 plus Coast Guard Housing units at Kia'i Kai Hale (KKH) on the island of Oahu. The KKH site is adjacent to the Aliamanu Military Reservation, six miles from downtown Honolulu. A final decision

regarding inclusion of these additional units / properties will be made prior to commencement of the Community Development and Management Plan (CDMP).

c. For the purpose of submissions, bidders should assume an estimated project requirement of approximately 6,300 government owned family housing units for the Hawaii RCI Project. The actual project scope will be identified in an amendment to this RFQ when the results of a revised Housing Market Analysis (HMA) become available. The results are estimated to be available in January 2003. If the HMA reveals a surplus, the disposition of that surplus (e.g., sale, demolition, etc) will be determined during development of the CDMP.

d. This solicitation is structured as a Request for Qualifications (RFQ). The RFQ process will identify the best value offeror determined to be most highly qualified to enter into a long-term business relationship with The Army to operate each project. The RFQ will initially require interested offerors to respond to three Minimum Experience Requirements (MERs). The Army must receive signed MERs submissions no later than December 23, 2002 at 1630 hrs (4:30PM), Eastern Standard Time (ET) to the location specified in Section 4.1.1.b. The MERs have been established to address the skill sets of development, property management, and financial capability. Offerors who show proof of satisfaction of the MERs will be notified in January 2003 that they are eligible to submit their Statement of Qualifications (SOQs). The Army plans to include actual project scope in this notification. An eligible offeror's SOQ shall address seven general evaluation factors as outlined in Section 4.3.

e. The highly qualified offerors will be selected, in order of importance, based on their experience, preliminary project concept statement, financial capability, financial return, organizational capabilities, past performance, and small business utilization plan. Selection will be based upon the qualifications exhibited by the bidders as outlined by the seven evaluation factors and upon the basis of best value to the government. The offeror will be expected to identify, in detail, their plans to achieve the following goals for each project:

- 1) Ensuring that soldiers and their families have access to high quality, safe, attractive, and affordable housing by upgrading or replacing existing family housing and, if necessary, by building new housing to meet the on-post family housing requirement at each installation.
- 2) Transforming existing military housing areas into planned and integrated residential communities which foster family lifestyles, while preserving the existing historic character and military culture of these properties, protecting cultural resources, and meeting environmental stewardship responsibilities.
- 3) Providing ancillary support facilities that enhance the installation's residential communities.

- 4) Maintaining positive relations with all stakeholders and communities that surround the installation.
- 5) Providing for the effective long-term, high quality management and operation of the family housing inventory, and ancillary supporting facilities.
- 6) Providing for realistic financial management of the assets including viable reserves and earning a mutually acceptable return on investment for the offeror and The Army.

To achieve these goals, the developer will be expected to assume ownership of the family housing units and will be provided a long-term interest in the underlying land.

f. Although the focus of the RCI Project is on family housing, the MHPI authorities also permit the construction of ancillary supporting facilities that relate to and support the residential nature of military family communities. Such facilities may include tot lots, community centers, housing offices, and other similar facilities for the support of Army family housing. Instructions for requesting approval to construct ancillary supporting facilities may be found in section 2.1.1(i)(2) of this document. Final approval authority for such facilities rests with the Office of the Assistant Secretary of The Army (Manpower and Reserve Affairs) (OASA (M&RA)). The installation will facilitate the process of review and action on these proposals with the appropriate agencies.

g. The privatization partner's return on the project is expected to come from developing, operating, and managing existing, renovated, and newly constructed housing units. The privatization partner's main source of revenue will be rents paid by military service members, and will not exceed their Basic Allowance for Housing (BAH).

h. Recognizing the complexity and breadth of issues that arise in planning and executing a project of the size and scope of a military family housing community, the project will be organized into two phases:

- 1) **Phase 1 – Project Planning.** During Phase 1, the awardee (“developer”) will work closely with The Army to craft a Community Development and Management Plan (CDMP). This will be the business plan for the USARHAW housing (hereafter referred to as “the project”) and will set forth the terms of the developer's long-term relationship with The Army. Payment for Phase 1 is discussed in Section 2.1.4 of this solicitation.
- 2) **Phase 2 – Project Implementation.** During Phase 2, the developer will implement the CDMP, provided the installation, Headquarters, Department of The Army (HQDA), Office of the Secretary of Defense (OSD), Office of Management and Budget (OMB), and the Congress approve the plan, and

approval is given to consummate the CDMP and begin the transition / transfer of assets and operations.

- i. At the installations, the developer ("privatization partner"), having been duly qualified as the best value for the Government to provide quality residential communities, may also be permitted to undertake a variety of other residential, barracks, and transient housing projects. Future projects are anticipated to be within the boundaries of U.S. Army Hawaii (USARHAW).
- j. A major benefit of the CDMP process is that it allows The Army, its associated consultants, and the developer to work through issues collaboratively, and to ensure that important issues are anticipated and addressed before executing the plan. It also provides an opportunity for The Army to consider proposals from the developer concerning the use of specific MHPI authorities, such as providing a loan guarantee or constructing certain ancillary supporting facilities. Finally, this process gives The Army a mechanism for periodically conferring with Congressional oversight committees during project planning, as well as with representatives from the local community and Army-related organizations who are essential to the success of the project.

## **1.2 Administrative Information**

### **1.2.1 Applicability of the Federal Acquisition Regulation (FAR)**

The Federal Acquisition Regulation (FAR) applies to Phase 1 of the project. Appendix C contains a listing of the FAR and Defense FAR Supplement (DFARS) clauses that apply to Phase 1. The Army considers the deliverable for Phase 1 to be a commercial item. (See FAR Part 12). Offerors should also take note of Section 6.0 of this RFQ, concerning additional terms and conditions that apply to the project.

### **1.2.2 Documents**

Prior to the submission date, prospective offerors may review pertinent information regarding existing housing assets in the document room in Building 344, Montgomery Road at Fort Shafter. This same information is also available via the Internet at <http://dpw.schofield.army.mil/rcidocrm> or via compact disk by contacting the individuals listed below. All USARHAW installations have Restricted Access. Inquiries regarding this project, for installation access should be directed to: US Army, Hawaii, RCI Office, RCI Program Administrative Support, Attn: Mrs. Pam Hirota or Miss Toni Sanders, Bldg. 344, Fort Shafter, HI 96858. Telephone at (808) 438-3702, FAX to (808) 438-5163 or E-mail [hirotap@shafter.army.mil](mailto:hirotap@shafter.army.mil) or [sanderstl@shafter.army.mil](mailto:sanderstl@shafter.army.mil).

### **1.2.3 Inquiries**

- a. The Army RCI website (<http://rci.army.mil>) contains the solicitation which may be viewed by clicking on the Hawaii RFQ. Prospective offerors will be requested to register before viewing or downloading the solicitation. Registered offerors will receive electronic notification when amendments to the solicitation are posted to the web page.
- b. The Army will only respond to questions about the RFQ if they are received by electronic or facsimile medium. The Army will not reply to any question submitted later than 10 days prior to a submission deadline. All comments or questions by e-mail should be directed to [tracy.fetchik@usace.army.mil](mailto:tracy.fetchik@usace.army.mil). If by facsimile, comments or questions should be directed to Tracey Fetchik at (301) 677-3005. Army responses to questions will be issued in the form of an amendment to the RFQ and can be found at <http://rci.army.mil>.

### **1.2.4 Industry Forum**

An Industry Forum was held on 28 August 2002 in Honolulu, Hawaii for this project. The forum included an RCI program overview, RFQ procurement process overview, and installation presentations. Specific information can be found at the RCI website at <http://rci.army.mil>.

### **1.2.5 Site Visits:**

Opportunities for site visits were provided on the following dates:

Afternoon of 28 August 2002  
All day on 29 August 2002

## **2.0 WORK STATEMENT**

### **2.1 Phase 1 – Project Planning**

- a. The project will occur in two phases. During Phase 1, the developer will work closely with The Army to craft a CDMP that is acceptable to the Government and that offers the best value for the military family housing at each installation. The CDMP process is expected to require no more than six months of coordinated, intensive effort between The Army and the developer. The CDMP coordination will take place in Honolulu, Hawaii at the Fort Shafter, RCI Office, Bldg. 344.
- b. The deliverable is the CDMP, which consists of three main components acceptable to the Government:
  - 1) Development Plan
  - 2) Financial Plan and Transactional Instruments



### 3) Operations, Maintenance, and Property Management Plan

As part of the financial plan, a transition budget will be developed that identifies those items that are considered to be reimbursable during the period from CDMP acceptance to transition/financial closing.

c. The CDMP will provide sufficient detail to allow USARHAW installations, and HQDA to make a determination as to the CDMP effectiveness over the life of the project. An outline of the CDMP can be found at Appendix E. A general description of the components is provided below. The Army and developer will establish specific elements for each component jointly during Phase 1.

d. During Phase 1, in coordination with the USARHAW RCI director, the developer may be allowed access to facilities or space on the installation to use as office space. The developer may modify or tailor the identified space or facility to meet its own needs at its own expense. During Phase 1, the developer may be permitted to physically test its pro-forma estimates at its own expense provided the developer complies with appropriate laws, regulations, and policies.

#### **2.1.1 CDMP Development Plan**

a. The development plan will address all aspects of the development effort at each installation with a specific focus on long-term master planning and environmental stewardship. Renovation and construction of housing units and / or ancillary facilities, if approved, is expected to take place over the life of the project.

b. At a minimum, the development plan will specify the number, type, and size (e.g., three-bedroom, four-bedroom, etc.) of housing units that are to be renovated, rehabilitated, or newly constructed in each neighborhood within the family housing community. The plan will indicate the life cycle (50-year) schedule under which the renovation and new construction will occur. In the development plan, the developer will be expected to provide proposed land-use maps, model floor plans, and exterior architectural sketch renderings of the proposed housing. The plan will specify appropriate performance standards and incentives to ensure sufficient attention to design, construction, and finish standards and details to achieve planned completion schedules and budgets.

c. A development plan that attempts to satisfy only the minimums expressed in paragraph b above, will be deemed unacceptable. The Army expects the developer to employ its expertise to craft a plan that goes beyond the minimums and takes full advantage of the assets and revenues for benefit of soldiers and their families.

d. A comparison with current Army standards suggests that approximately 58% of the existing housing units are inadequate. In addition, all housing must reach an adequate condition within ten years of transfer of operations. The following is an

inventory breakdown for the RCI Project, to include all the housing within the area of responsibility:

<b>AFH AREA</b>	<b>Inadequate</b>	<b>Adequate</b>	<b>Total</b>
SCHOFIELD BARRACKS	2055	1311	3366
HELEMANO	0	888	888
WHEELER ARMY AIRFIELD	490	167	657
FORT SHAFTER	0	559	559
ALIAMANU	1921	97	2018
TRIPLER ARMY MEDICAL CENTER	0	216	216
<b>TOTAL</b>	<b>4466</b>	<b>3238</b>	<b>7704</b>

e. The inventory includes 146 units, which are historically registered, and 316 units that are eligible for historical registry. There are no historic units at AMR or HMR.

<b>USARHAW HISTORICAL FAMILY HOUSING UNITS</b>			
<b>HOUSING AREA</b>	<b>Historically Registered</b>	<b>Historically Eligible</b>	<b>Total</b>
FORT SHAFTER	15	35	50
SCHOFIELD BARRACKS	131	25	156
TRIPLER ARMY MED CTR	0	16	16
WHEELER ARMY AIRFIELD	0	240	240
<b>TOTAL</b>	<b>146</b>	<b>316</b>	<b>462</b>

f. Life-cycle renovation or replacement of the inventory will take place during the course of the project on a schedule to be agreed upon by The Army and the developer. Expansion of housing stocks beyond the on-post requirement will not be authorized. Should there be a need for additional housing in the future, applicable housing analyses will be conducted to determine necessary adjustments to on-post family housing needs. In the future, the government may contract with a third party to conduct periodic market analyses aimed at determining necessary adjustments to on-post family housing needs. The potential for adjustments to the inventories, and subsequent actions / procedures, will be addressed in the CDMP.

g. To further The Army's goals, The Army may authorize the developer to construct and operate one or more ancillary supporting facilities (e.g., tot lots, community centers, day care centers, etc.) that relate to and support the family housing community and complement business operations in the local community. However, such facilities may not be in direct competition with the activities of the Boards of Directors for Army Morale Welfare and Recreation (MWR) organizations, The Army and Air Force Exchange Service (AAFES), and the Defense Commissary Agency (DeCA) without the approval of these

organizations. In the CDMP, the developer will be expected to include the type, size, location, and features of each ancillary supporting facility they propose to build and operate in the residential housing community. However, the developer is not required to take ownership and operational responsibility for any existing ancillary supporting facilities other than playgrounds, ball fields, etc., located specifically in the housing areas. Developers should take care to differentiate between ancillary facilities that are housing-related and funded by the BAH revenue stream versus commercial/retail/MWR activities that generate revenue.

i. The steps below outline the process to follow during the CDMP development to request approval for a private commercial or retail activity / hub, or a facility or service that falls in the area of MWR. The developer must be aware that private competition on a military installation with AAFES, DeCA and MWR is strictly prohibited per Sec. 2804, pages 346-347, of the National Defense Authorization Act for Fiscal Year 2000, Conference Report to Accompany S. 1059, unless approved by the OASA (M&RA).

1) The developer must work with the Installation Commander (or his / her staff, if so directed) to determine requirements.

2) The developer must submit a letter (as soon as the requirement is known) to the Installation Commander who will then endorse the request and forward it through Army channels to the OASA (M&RA) of their intent to contact the relevant commander(s) of MWR, AAFES, or DeCA Commissaries. The letter is intended to seek approval for private revenue or non-revenue producing activities, hubs, centers, facilities, or services. Approval authority for these types of activities is vested with the OASA (M&RA).

ADDRESS:

Assistant Secretary of The Army (Manpower and Reserve Affairs)  
111 Army Pentagon  
Washington, DC 20310-0111

j. The developer is responsible for working with the Commanders of AAFES, DeCA, and / or US Army Community and Family Support Center (CFSC) on specified types of ancillary support projects. The developer will submit command approved final proposals regarding construction and maintenance of revenue producing and non-revenue producing endeavors related to these programs, through the commander(s) of AAFES, DeCA and / or CFSC to OASA (M&RA). OASA (M&RA) has final jurisdictional authority to approve the developer's proposed revenue-producing and non-revenue producing endeavors, and the OASA (M&RA) will inform the RCI Director of the decision on the proposed requirement, terms and scope.

k. The Army will prepare an Environmental Baseline Survey (EBS) and National Environmental Policy Act (NEPA) documentation in support of the RCI program for the installations and housing areas included in this RFQ. The selected developer will be provided draft and final EBS and NEPA documents as they are prepared. These documents will be used in the preparation of the CDMP. The Army will also perform and document all necessary coordination/consultations pursuant to Section 106 of the National Historic Preservation Act and Section 7 of the Endangered Species Act and document these efforts for inclusion in the CDMP. The cost for performing additional site characterization or preparing additional environmental documentation to the extent necessary to obtain project financing will be the responsibility of the selected developer. The Army will disclose the information that it has collected on existing environmental hazards through the NEPA and EBS documents and the preparation of the Finding of Suitability to Transfer (FOST) and Finding of Suitability to Lease (FOSL). Upon implementation of the CDMP, the selected developer will assume agreed upon oversight and management responsibilities for mitigation and remediation of any identified environmental hazards (e.g. asbestos, lead, Paris green, chlordane, PCBs, etc.) using project funds.

l. The CDMP will include a subcontracting plan describing the developer's standards for selecting subcontractors to work on the project, and will provide details about the developer's goals for subcontracting with small businesses. Developers will be expected to outline plans and schedules for conducting small business outreach events.

m. Finally, the CDMP will specify schedules for the performance of all development activities related to the project.

### **2.1.2 CDMP Financial Plan and Transactional Instruments**

The financial plan and transactional instruments will describe the offeror's plan for financing projected long- and short-term expenses associated with the project, and the transactional instruments required to execute the project. At a minimum, this plan will include:

- 1) An integrated financial pro-forma analysis covering expected income and expenses over the life of the project, including that which is necessary to ensure quality long-term operation, maintenance, and property management for the residential community. The pro forma analysis will incorporate development and operational elements.
- 2) A detailed statement of sources and uses of funds and cash flows, identifying any applicable MHPI financial tools that the offeror proposes to use in conjunction with the project.

- 3) Drafts of legal documents describing the relationship between The Army and offeror, and the rights and obligations of each party for implementing the project (e.g., drafts of limited partnership agreement, ground lease, management and incentive agreements, government loan, and guarantee instruments and / or other appropriate instruments).
- 4) A transition budget specifying reimbursable items and the timeline for the transition to project implementation.

### **2.1.3 CDMP Operations, Maintenance, and Property Management Plan**

The operations, maintenance, and property management plan will describe the offeror's concept, and approach to, operating, maintaining, and managing the family housing residential community. At a minimum, the plan will specify appropriate performance standards and incentives designed to ensure that the residential community, including historic district areas if applicable, is effectively operated, managed and maintained at high levels of quality and repair. Compliance with Section 106 of the National Historic Preservation Act and Section 7 of the Endangered Species Act is required. Compliance with applicable local, state, and Federal environmental regulations is required. The operations, maintenance, and property management plan should also describe the offeror's strategy for making capital improvements to the residential community throughout the life of the project.

### **2.1.4 Completion of Phase 1 – Project Planning**

- a. The Army will pay the developer a fixed sum of \$350,000 upon completion of Phase 1, as described in Appendix C. CDMP completion is defined by the acceptance of the CDMP by the installation, HQDA, OSD, OMB, and the Congress. In return for this payment, The Army will be granted full and unlimited rights to use the CDMP, including the right to provide the CDMP to other developers in this or other military housing privatization projects. At this point, the contract will be complete and the developer will have no right, title, or interest in Phase 2 by virtue of its participation in Phase 1.
- b. If The Army and developer are unable to reach agreement on the CDMP, or the plan is not otherwise acceptable to The Army, or the offeror fails to provide the CDMP within the agreed time, The Army may terminate the developer's work on the project. At its own discretion, The Army may continue to proceed with the project by working with another developer deemed most advantageous to the government or by seeking new RFQ responses. Therefore, offerors within the competitive range are requested to keep their responses to this RFQ open for 12 months (365 calendar days) following the CDMP contract award. Once the CDMP is accepted The Army expects transition to project implementation (transfers of assets and operations) to occur within 90 days or less.

## **2.2 Phase 2 – Project Implementation**

a. The Army desires to have the successful CDMP developer implement the approved plan. Once the installation, Pacific Regional Office (PARO), HQDA, OSD, OMB, and the Congress approve the CDMP, the developer and installation may be given approval to begin transition toward project implementation. Once the CDMP is accepted The Army expects transition to project implementation to occur within 90 days or less. Inability to transition in a timely manner may be justification for offering the implementation opportunity to another development entity. This approval will mark the beginning of Phase 2 of the project. During Phase 2, the developer will implement the approved CDMP. The Army, in conjunction with other agencies who have a vested interest in the land, will transfer ownership of the existing housing units and provide an appropriate interest in the underlying land to the developer to facilitate implementation in a manner consistent with the approved CDMP and with prudent business practices.

b. The developer should not expect, and will not be compensated by the Government for costs they incur following submission of the CDMP and payment of the contracted price. Payment does not occur until acceptance of the CDMP. Additional costs to the developer may arise between CDMP submission and acceptance. These costs remain the sole obligation of the implementation developer regardless of the amount and purpose and will not be reimbursed through appropriated funds. During negotiation of the CDMP, The Army and the successful bidder will develop a transition period budget to identify those transition costs which may be reimbursed by the project at closing. The CDMP is not considered accepted until acceptance by Congress. The 90 day timeline for the transition, prior to transfer of assets and operations, must provide specific implementation details.

## **3.0 MILITARY HOUSING PRIVATIZATION INITIATIVE (MHPI) LEGISLATION**

The MHPI legislation (10 U.S.C. §§ 2871-2885) provides special authorities for the construction and improvement of military housing. It was specifically enacted to enable the Military Services to leverage housing assets (land and buildings) and limited financial resources in an effort to obtain private sector capital and expertise to improve the quality of life for Service Members and their families.

### **3.1 MHPI Authorities**

The MHPI provides four main financing tools that can be used together or separately. This summary is provided to help the offeror gain a general understanding of the MHPI legislation, but reference should be made to the actual MHPI language in order to fully understand this law. The offeror should

consider the effect of OMB scoring on each financing tool (information on OMB scoring can be found in Section 3.3).

### **3.1.1 Direct Loans and Guarantees**

The Secretary of The Army can provide direct loans to private firms in the form of second mortgages when external financing is not adequate to make a project financially feasible. Loan guarantees can be used to help a developer obtain private sector financing by reducing project risks that are specific to military installations, such as base closure, downsizing, or extended deployments. The selected developer will be expected to assume normal business and market risks, such as construction delays.

### **3.1.2 Conveyance or Lease of Existing Property and Facilities**

The Army can convey housing and related facilities and lease existing Army land to the developer for the purposes of privatizing military family housing in Hawaii.

### **3.1.3 Differential Lease Payments**

The Army can enter into an agreement to pay a rent subsidy to the developer. However, this authority will be used only in unusual cases such as, when the total income stream is insufficient to ensure a reasonable return on investment.

### **3.1.4 Investments**

The Army can make investments in nongovernmental entities carrying out authorized housing privatization activities. Such investments may take the form of acquiring a limited partnership interest, purchasing stock or other equity instruments, purchasing bonds or other debt instruments, or any combination of these. The Army's cash contribution is limited to one-third (33 1/3 percent) of the project's capital cost. If land and facilities are leased and conveyed, respectively, to the developer as part of the investment, the value of the land and facilities together with any cash contribution cannot exceed 45 percent of the project's total capital cost.

## **3.2 Other Provisions and Considerations**

### **3.2.1 Local Standards**

The MHPI legislation allows developers to build housing to local market standards and exempts the project from all MILCON standards, such as statutory square-footage standards for various military pay grades. However, if one submission proposes to provide a higher level of quality than another, the higher quality submission would receive a more favorable evaluation. In addition, The Army has developed RCI Standards for New and Replacement Construction

which should serve as a baseline during project development. These standards are available at <http://rci.army.mil>.

### **3.2.2 Basic Allowance for Housing (BAH)**

The BAH is a monetary entitlement granted to service members who live in non-government housing. The service member's BAH includes a utilities component, insurance component, and rent component. The developer's responsibility for utility costs is described below in the "Utilities" paragraph. Service members will use this allowance to pay rent to the developer for housing that is developed and managed under this program. Under current Army policy, rents for on-post housing under this program (including a reasonable amount allocated to cover average utility usage and renter's insurance) must not exceed the soldier's BAH. The developer will be required to set rents in accordance with this policy. Revisions to the BAH rate are processed annually and are based on market surveys and other cost indicators of the local housing market, but are subject to Congressional approval. Revisions to the individual BAH entitlement are processed on a continual basis based on changes in the service member's rank, etc. For more information on the BAH system, refer to the following website: <http://www.dtic.mil/perdiem/pdrates.html>.

### **3.2.3 Mandatory Allotments and Assignments**

The MHPI legislation also enables The Army to mandate housing allotments (i.e., automatic payment deductions from the service member's pay for rent payments) and to mandate housing assignments (i.e., require service members to live in Army housing). The Army does not intend to use mandatory housing assignments. Rather, the development partner should market these housing units to attract service members and their families as in the private market. The Army will use a third party vendor to transfer the service member's BAH via allotment once the member elects to live in the privatized housing. The cost of this third party allotment management is borne by the project.

### **3.2.4 Non-Military Renters**

In the event that The Army and the other services' requirement for the housing diminishes, non-military members may be allowed to occupy privatized housing. Together with the developer during the CDMP development, The Army will establish a priority order of assignment much like that in Army Regulation (AR) 210-50 and the current minimum-vacancy threshold for military renters that must be exceeded before non-military tenants are allowed. If allowed, non-military tenants will likely pay market rent plus utilities and insurance, however, this will be addressed during the CDMP development. If non-military tenants are allowed, arrangements for access to the installation during times of heightened security will be addressed during the development of the CDMP.



### **3.2.5 Real Estate Taxes**

The developer will be responsible for any real estate or other *ad valorem* taxes assessed on the project. The requirement to pay local real estate or other *ad valorem* taxes will vary from locality to locality. Each prospective developer must make its own assessment of the likelihood that the project will be required to pay such taxes. Any agreement between The Army and the selected developer reached as a result of this RFQ will not relieve the developer of the obligation to pay taxes if required by appropriate law.

### **3.2.6 Ancillary Supporting Facilities**

Housing projects developed under this legislation can include facilities related to military housing units, including tot lots, community centers, housing offices, and other similar facilities for the support of military family housing. Final approval authority for such facilities related to MWR, AAFES, or DeCA rests with the ASA (M&RA). Instructions to request approval for such facilities can be found in section 2.1.1

### **3.2.7 Utilities**

a. The developer will be responsible for all costs of utilities provided to common areas of the project and all vacant units during the entire project period. Further, the developer will be responsible for all utilities in occupied housing units covered by the project until: (1) the units have been renovated or replaced, (2) utility meters (electric, gas, and / or oil) are installed on individual homes, and (3) a 12-month consumption record has been established. When these three (3) conditions are met in an entire housing area and appropriate notice is provided to the service member occupant, the service member will become responsible for the cost of utilities (electric, gas, and / or oil) for his residence.

b. After consumption records have been established, an average utility consumption cost will be determined for each housing unit type. The service member will then receive this amount from his BAH and be responsible for paying utilities. Should the utility costs exceed the service member's identified utility allowance, the service member will be responsible to pay that amount from basic pay. If the utility bill is less than the calculated allowance, the service member retains those funds. The remainder of the service member's BAH will go to the selected developer as rent. The developer should plan to implement energy efficiency improvements and meter all the housing units as soon as practicable (e.g., new and renovated units) but no later than the end of year ten (10) of the project at which time all residents will be responsible for their utilities. Details of utility costs and allowances will be developed during the CDMP process.

### **3.3 Office of Management and Budget (OMB) Scoring**

Each MHPI agreement entered into by The Army with a private developer may be “scored” by OMB for budget purposes prior to approving the CDMP. Scoring is an accounting convention that measures the value of a potential future financial obligation of The Army, recognizes it for budget purposes, and records it as a Department of Army obligation at the time an agreement is signed. Sufficient appropriations must be available to cover the scored amount for each agreement. Therefore, OMB scoring rules may affect the attractiveness of using available MHPI tools in conjunction with Army housing privatization project. OMB guidelines on scoring are provided in Appendix F. Section 4.5.4 below (Financial Return) outlines the relationship between OMB scoring and The Army’s evaluation of each offeror’s proposal. Accordingly, the effect of OMB scoring should be taken into account when considering how best to leverage The Army’s assets at USARHAW. Consequently, offerors should attempt to maximize total private sector resources available for the project while minimizing the effect of OMB scoring on The Army’s commitment of assets.

## **4.0 CONTRACTOR SELECTION PROCESS**

Offerors must first demonstrate satisfaction of the Minimum Experience Requirements (MERs) (See Section 4.2). Offerors who satisfy the MERs, as determined by the Government, shall be eligible to submit a complete Statement of Qualifications (SOQ) (See Section 4.3). Final selection will be based upon the qualifications exhibited by the offerors as outlined by the seven evaluation factors and upon the basis of best value to the Government. The Army reserves the right, however, to reject all responses to the RFQ and re-solicit.

### **4.1 Information Request Instructions**

a. Both single-firm offerors and joint venture offerors are required to furnish information to The Army in accordance with the instructions provided below. For the purposes of this RFQ, a single-firm offeror would manage the project under the direction of a single principal member (defined below). By contrast, a joint venture is a single business entity such as a partnership, limited liability company or other legal entity consisting of two or more principal members. A legally capable partnership (joint venture) can also include one or more members of the partnership that is a 501c3 corporation or other non-profit organization. The percentage of ownership of each of the principal members of the joint venture should be specifically identified. This language is intended to illustrate one means by which a tax-exempt entity may participate in the process, i.e. as a member of a joint venture. However, this language does not prevent an entity, which is capable of meeting the MERs outlined in the RFQ, from submitting a proposal as a single offeror. To compete for this requirement, a joint venture must commit to work with The Army as a single business entity. The offeror will

be required to provide information concerning both the joint venture itself, as a single business entity, and on the joint venture's principal members. An offeror should have a formally established legal single business entity or it may be excluded from further consideration.

b. The term "principal member" means a legal entity that has an identified ownership interest in the single business entity that is responding to this RFQ. In this RFQ, the term "offeror" is synonymous with "single business entity". The principal member concept allows newly formed joint ventures to compete based on the experience of their principal members. Additional information on this aspect of The Army's evaluation is provided in Section 4.5.1. However, only experience of principal members will be used to evaluate any proposals. Single business entities planning to use a non-profit structure are advised to clearly demonstrate the experience of each principal member.

#### **4.1.1 Submission Instructions**

a. Minimum Experience Requirements (MERs) must be no more than five (5) pages signed, and submitted in a clearly identified original hardcopy version (plus five copies), and provided electronically on compact disk (CD). Executive Order 13101 (Greening the Government through Waste Prevention, Recycling, and Federal Acquisition) must be followed for submission of hard copy proposals. Executive Order 13101 is included at Appendix D. The MERs must be produced in Microsoft™ Word (no exceptions), 8 ½" x 11" format (no exceptions), Arial font 12 point. Tables, charts, and 3<sup>rd</sup> party documentation may be in any format, type and size format. Third party generated documents may be reproduced without format change and entered on the CD using any readily available format. The Army must receive signed submissions no later than December 20, 2002 at 1630 hrs (4:30PM), Eastern Standard Time (ET) to the location specified in Section 4.1.1 b.

b. Statement of Qualifications. Offerors who are notified that they are eligible to submit an SOQ because they meet the MERs will be provided a minimum of 60 calendar days to prepare and submit their SOQ. The SOQ, as well as completed representations and certifications required from Appendix C and paragraph 7.0 of the RFQ, must be no more than 75 pages signed, and submitted in a clearly identified original hardcopy version (plus five copies), and provided electronically on compact disk (CD). The Statement of Qualifications and required representations must be produced in Microsoft™ Word (no exceptions), 8 ½" x 11" format (no exceptions), Arial font 12 point. Spreadsheets must be produced in Microsoft™ Excel (no exceptions), 8 ½" X 11" format (no exceptions). Tables, charts, and 3<sup>rd</sup> party documentation may be in any format, type and size format. Third party generated documents may be reproduced without format change and entered on the CD using any readily available format.

If Mailed:

Army RCI Office  
US Army Corps of Engineers, Baltimore District  
Attn: Tracy Fetchik, CENAB-CT  
PO Box 1715  
Baltimore, MD 21201-1715  
Reference: RFQ No. DACA31-03-R-0001

If Hand carried (or sent via overnight delivery):

Army RCI Office  
US Army Corps of Engineers, Baltimore District  
Attn: Tracy Fetchik, CENAB-CT  
10 South Howard Street, Room 7000  
Baltimore, MD 21201  
Reference: RFQ No. DACA31-03-R-0001

Submissions failing to arrive by the established deadline will be disqualified and not be evaluated as outlined in Appendix C, FAR Clause 52.212-1.

c. With submission of the SOQ, each offeror shall provide the legal jurisdiction under which it is organized and operating by submitting the proof of existence as an established legal entity, providing a proper Data Universal Numbering System (DUNS) number (<http://www.dnb.com>) and providing a Commercial and Government Entity (CAGE) Code with the submission. The Government requests the DUNS Number for the single business entity at time of award, however as a minimum, the Offeror shall provide the DUNS number of at least one principal member at time of submission.

d. To be eligible for Department of Defense (DOD) contract award, offerors must be registered with the Department of Defense Central Contractor Registry, which can be accomplished through <http://www.ccr.gov>.

#### **4.1.2 Submission of Minimum Experience Requirements (MERs)**

a. The Minimum Experience Requirements (MERs), Section 4.2, information shall stand alone in determining an offeror's ability to satisfy the MERs. This information serves to insure that offerors meet a basic level of experience prior to being further evaluated. Submissions for the MERs shall not exceed a total of five (5) single-spaced pages. Page tabs shall not be used. Information beyond five pages will not be considered. The offeror's cover page or Transmittal letter will not count toward the page count for the MERs.

b. Only those Offerors satisfying the MERs will be eligible to submit a Statement of Qualifications (SOQs).

#### **4.1.3 Submission of Statement of Qualifications (SOQ)**

- a. Only those offerors that the Government has determined meet the MERs will be invited to submit a SOQ. SOQs will not be accepted for offerors the Government determines do not meet the MERs.
- b. The Statement of Qualifications (SOQ) should be submitted in sufficient detail to:
  - 1) Permit the Evaluation Team and Source Selection Authority (SSA) to reach a reasonable judgment regarding the offeror's qualifications.
  - 2) Distinguish the offeror from other candidates.
- c. SOQ submissions are limited to a total of 75 single-spaced pages, including tables or charts where appropriate. Anything beyond 75 pages will not be evaluated / reviewed. Blank tab pages do not count toward the 75-page count. The following are not included in the 75-page limit: information requested in Section 4.2 (Minimum Experience Requirements); audited financial statement(s) (or 10K(s) if the entity is publicly owned) requested under Section 4.3.3; the pro forma and assumptions; renderings and drawings; resumes; and "Offeror Representations and Certifications" requested in Appendix E.

#### **4.2 Minimum Experience Requirements (MERs)**

The single-firm offeror or a principal member in a joint venture must submit a list of projects with sufficient detail to demonstrate satisfaction of the below listed MERs. This information shall stand alone in determining an offeror's ability to satisfy the MERs. Questions, which may arise as to the interpretation of the requirements of Section 4.2, should be resolved with the Contracting Officer prior to responding to the MERs. An offer that fails to satisfy the MERs will not be eligible for further consideration and will be eliminated from competition. One principal member must meet MER 1, one principal member must meet MER 2, and one principal member must meet MER 3, although each need not be the same principal member. The MERs are:

- 1) The offeror has, within the past ten (10) years, served as the primary developer and principal sponsor (with an ownership interest) in at least three (3) completed development projects, or completed project phases, each of which included a residential component consisting of a minimum of 350 units of multi-family *low rise* (three stories or less), attached or detached family housing units. A phase or project is completed if at least 350 units have received a certificate of occupancy or similar occupancy permit and lease up has begun.

2) The offeror has, within the past ten (10) years provided property management and asset management for at least three (3) major residential projects, each of which included a rental residential component of at least 350 units. These managed residential projects do not have to be the same projects discussed in number 1, above.

3) The offeror has, within the past ten (10) years, structured, arranged, and managed the capital formation (see Glossary, Appendix G) including, equity and both short and long term debt, for at least three (3) completed residential projects or completed project phases, each resulting in actual development costs of at least \$30 million. It is acceptable to inflate historical development costs to current dollars using a commonly accepted inflation factor. The source of the inflation factor shall be identified including the computations and the actual costs incurred. A phase or project is completed if at least 350 units have received a certificate of occupancy or similar occupancy permit and lease-up has begun. These financed residential projects do not have to be the same projects discussed in number 1 and 2, above.

### **4.3 Statement of Qualifications**

The Statement of Qualifications should include the following information:

#### **4.3.1 Experience**

a. An offeror should provide a list of all-major development projects completed or currently being managed by its principal members relevant to residential communities. This list may include projects noted in the MERs list. For each major development project listed, include a brief description of the project, including its name, size (dollar value/number of units), type (single family, town homes, apartment complex, etc), nature of construction (whether new construction, moderate rehabilitation, substantial rehabilitation or redevelopment) and location.

b. In addition, for the five (5) most relevant projects to the development of Army family housing communities, provide information as indicated below in this paragraph 4.3.1. The responsibility of the offeror is to determine which five example projects it considers most relevant to the RCI process. Relevant projects include, but are not limited to, those that a principal member currently owns and manages. Specific factors of importance to The Army include: new construction of attractive market rate housing; properties involving the rehabilitation of existing housing, including historic units, and the relocation of current tenants; properties needing to be made more market competitive; and properties that have been owned, managed, and financed for a long time (e.g. 10 years) which remain viable and competitive. The more recent a particular activity occurs, be it management, development, construction or other, the more it demonstrates current skill in that activity.

1. Name of Project
2. Location (address, city or town, county, state)
3. Land-Use Program/Phasing
4. Key Dates (for each project)
  - a) Date land acquired;
  - b) Date construction started/ended;
  - c) Date occupancy began; and
  - d) If applicable, date sold or refinanced
5. Project Economics and Finance
  - a) Budget development costs, including “hard” and “soft” costs;
  - b) Total development costs, including “hard” and “soft” costs;
  - c) Financing, including debt (short- and long-term) and equity (developer and investors) financing;
  - d) Description of ownership structure, including percentage of ownership by principal member;
  - e) Occupancy rate (initial and sustained); and
  - f) Contact information (names, addresses, e-mail addresses and telephone numbers) for all debt and equity sources (to be used for reference check).
6. Operation, Maintenance and Repair, and Property Management
  - a) Scope of services provided;
  - b) Customer service levels and standards of performance; and
  - c) Operation, maintenance, and property management services and related standards of performance, including services provided for historic properties.
7. Issues Encountered and Resolved, such as:
  - a) Environmental activities and remediation (such as lead based paint, asbestos, radon, chlordane, mold, and underground storage tank analysis);
  - b) Involvement in public approval and zoning processes;
  - c) Historic preservation (including renovations, conversions and/or landscaping);
  - d) Seismic mitigation;
  - e) Regulatory public approvals and entitlements;
  - f) Community concerns; and
  - g) Quality Assurance/Control.
8. Strategic Partnering and Relationship Issues

- a) Details concerning cooperation with other business entities or organizations in projects involving long-term real estate management services;
- b) Information regarding material disagreements with other participants, the offeror's approach to dispute resolution and how these disagreements were resolved;
- c) The offeror's experience (if any) with public-private housing partnerships involving affordability objectives regulations and subsidy funding; and
- d) The offeror's experience (if any) working in partnerships, joint ventures, or other collaborations.

#### **4.3.2 Preliminary Project Concept Statement**

a. The offeror should provide a preliminary project concept statement, the purpose of which is to give The Army illustrative information about the offeror's overall vision, strategy, and approach to improving and maintaining the military family housing community at the project sites. The actual, detailed, agreed-upon CDMP, which is the plan for Community Development and Management for the project will be negotiated and formalized during Phase 1 of the contract.

b. In crafting the preliminary project concept statement, offerors should assume that their firm is selected as the developer for the project. Beginning from the time of selection, describe your vision of The Army family housing community at the Fort Shafter, TAMC, AMR, Schofield Barracks, WAAF, and HMR. The preliminary project concept statement should also describe your approach to accomplishing the vision.

c. Your statement should include your firm's assessment of Army family housing needs at these installations and how you would address those needs. Concept should include your analysis of existing housing units and recommendations to enhance/improve units to create quality residential communities. Include a description of how you would provide quality operation, maintenance, and property management services to the communities over the life of the project. The statement should consider elements of community safety and recommended steps toward improvement. It should also include a general description of how you would enhance the aesthetic character and quality of the residential communities. It should also include items such as conceptual land-use plans and general descriptions of potential housing products. Detailed drawings, specifications, or other detailed technical information are not required as part of the preliminary project concept statement. However, schematics that help explain your vision may add value to your presentation.

d. Describe how you would incorporate existing on-base community assets and design principles to achieve your vision. If you envision including ancillary supporting facilities, your statement should describe the general nature of these



facilities and how they relate to and support family housing. Explain your approach for integrating them into the residential communities for Army families and the surrounding civilian communities, and describe how you would finance, build, and operate them.

e. The preliminary project concept statement should also describe your approach to building a long-term working relationship with The Army and other community stakeholders, summarize your methodology for successfully completing the CDMP planning process, and undertaking the ensuing community development and management.

f. The statement should also describe your plan for reinvesting revenue earned from the project back into the project itself or, as appropriate, returning revenue to The Army. Particular attention should be given to your strategy as it relates to reinvestments for capital upgrades and other ongoing development tasks.

g. The preliminary project concept statement should include your concept for bringing the housing inventory to an adequate condition within 10 years of the transfer of operations. You should indicate how you will ensure that this milestone is reached, how you will protect the project scope during the initial development period, and identify those contingencies that might make your plan unexecutable.

#### **4.3.3 Financial Capabilities**

a. Provide documentation and statements relevant to the offeror or its appropriate principal member(s) as identified below. Among other things described in this RFQ, The Army is seeking a firm that demonstrates a strong financial structure. This can be demonstrated through audited financial statements. There is no minimum net worth requirement; however, total net worth is considered in the evaluation.

1) Audited financial statements (or 10Ks if the entity is publicly owned) for the last three (3) years. (Parent and holding companies should submit audited financial statements if they intend to commit resources to a developer or joint venture in which they own a controlling interest.)

2) Documentation demonstrating the firm's capability to secure financing and operating capital for the project as well as the offeror's capability to obtain financing and capacity to secure payment and performance bonds (or alternate forms of security, in sufficient detail so The Army can evaluate same) in a timely manner for a project the size and scope of The Army's Hawaii project.

- 3) Joint ventures should submit audited financial statements and documentation demonstrating financial capabilities and bonding capacity only for the single business entity itself, unless the single business entity has been newly formed for the project or if principal members of the single business entity will be independently responsible for financial commitments. In the latter cases, audited financial statements and documentation relating to financial capability and bonding capacity should be submitted for the single business entity and, individually, for all principal members of the offeror responsible for obtaining financing for the project.
  - 4) Documentation that addresses and identifies the expected equity necessary (i.e., sources and amount) to obtain financing for a project the size and scope of The Army's USARHAW project. The anticipated sources of capital (debt and equity) that will be used to finance short- and long-term project expenses. This should include the firm's plan for competing both the debt and the underwriting during Phase 1 of the CDMP development.
  - 5) Economics of sharing arrangements between the principal members and investors, including identification of all sources of return to the owners and investors.
- b. All financial information submitted for this RFQ will be protected from public disclosure if the provider identifies and justifies the information as proprietary, and requests such protection at the time of submission. Information that is considered proprietary should be clearly marked as such on each page. Prospective developers should be aware, however, that The Army may share financial information with financial consultants assisting The Army with this initiative as well as Congressional committees, if requested by the committees as part of their legislative oversight function.

#### **4.3.4 Financial Return**

The Army understands that rates of return differ based on a number of variables. For purposes of this solicitation, an industry standard range of fees is provided at <http://rci.army.mil>. These cited fees will not be considered in isolation and will in no way be a determinant of actual fees or fee structures negotiated during the CDMP.

Provide a written statement, either in text or table form that addresses the following six (6) items:

- 1) The firm's range of expected rates of return for the project based on your experience, approximate fee structure and incentive fees (if any), including all other sources of financial return. Identify why these sources

are competitive and reasonable, any other sources of return your firm or affiliates would expect to earn on similar projects, and economics of sharing arrangements between the principal member and investors.

2) The firm's intent concerning the use of Army assets and resources as permitted under the MHPI authorities in order to implement the firm's preliminary project concept statement as described in Section 4.3.2

3) The anticipated relationship, if any, between the firm's approach to reinvestment as described in the preliminary project concept statement and its expected financial return for the project. This should include anticipated timing and levels of refinancing and the proposed disposition of proceeds from refinancing as well as plans for adjusting the reinvestment approach in response to market standards and evolving property needs over time.

4) The anticipated relationship, if any, between the firm's expected financial return and its approach for ensuring that service and maintenance standards are met over the life of the project, including the offeror's plan for keeping comparable quality with market standards over time.

5) A written statement articulating the firm's strategy for financing the project on a long-term basis including anticipated costs and why this strategy offers the best value to the government. The statement should relate the proposed strategy to the firm's vision, documented financial capabilities, and identified expectations for financial return as well as how adjustments will be made in response to changes in the capital markets or the housing market.

6) Provide a rudimentary 50-year pro forma analysis depicting your initial and out-years development period construction budgets and 50-year operating cash flow. Include all development periods, all derived income, BAH growth, and all other assumptions and limitations. Expected sources and uses of funds must be clearly explained in the pro forma.

7) Presentation should include a cash waterfall diagram, a summary of key assumptions with footnotes, and an accompanying explanation of the lock box accounts.

#### **4.3.5 Organizational Capabilities**

Provide basic background information on:

1) The offeror's history and background.

- 2) The status and structure of the firm's organization (e.g. limited liability company).
- 3) In the case of joint ventures, each principal member's appropriate history and background, assigned areas of responsibility, and any legally enforceable agreements or other mechanisms that will be relied on to ensure the firm's successful long-term operation.
- 4) The firm's capabilities to plan, develop, redevelop, renovate, operate, manage and maintain large-scale, residential, rental development projects, including providing for their construction, financing, and long-term operation and protection of existing historic aesthetic values.
- 5) The key person (name, address, telephone number, and email address) who will be responsible for representing the offeror in all matters and for coordinating and integrating all functional elements of program requirements into seamless strategies, processes, and solutions throughout both the procurement phase and during the CDMP.
- 6) Key personnel to be assigned to the CDMP development and implementation process and their anticipated roles throughout all phases of the required work effort. Key personnel are those who are considered critical to the accomplishment of the required services. For each key person identified, submit a one-page resume that, at a minimum, describes the key person's duties and responsibilities, his/her education, knowledge, skills, expertise, and other qualifications relevant to the accomplishment of the project. Also, on a separate page, indicate the extent to which key personnel worked together on projects relevant to the effort. This section should include an organization chart that depicts the relationship between the key people.

#### **4.3.6 Past Performance**

Provide names, titles, organizational affiliations, addresses, email address, fax, and telephone numbers of individuals who will serve as references for each of the five projects identified as most relevant to the development and management of Army family housing communities (those for which you provided information pursuant to Section 4.3.1). In addition:

- 1) Provide at least one reference for each of the following categories that are relevant to each project: financial institutions, local government agencies, business partners, major customers, and major contractors.

2) List any of the firm's (in the case of joint ventures, any principal member's) projects, over the last 10 years, in which (a) the ownership has been restructured due to adverse circumstances (including default, need for new capital renovations, material negative cash flow, change of controlling partner), (b) the management company has been replaced at the instigation of the owner, the lender, or a regulator, and/or (c) any action that has been commenced by a lender to replace, sanction, or suspend any of the principals from future participation in lending activities and describe the circumstances of such restructuring. If you have not had any projects restructured because of financial difficulties, provide an affirmative statement so indicating.

3) List all material instances of litigation or formal Alternative Dispute Resolution (ADR) processes (e.g., binding arbitration) during the last ten (10) years and involving a claim in excess of \$50,000 to which each principal member has been a party relating to partnering, financial performance, and/or treatment of residents. For those matters involving a claim equal to or in excess of \$500,000, provide a detailed description of the litigation or ADR process.

#### **4.3.7 Small Business Utilization and Plan**

a. Provide information concerning your offeror's use of small businesses that:

1) Describes the offeror's documented policies relating to small business participation and the extent of participation of small businesses in your past and current projects. In case of a joint venture, information, regarding the use of small businesses on past projects, as stated above, should be provided separately for each principal member.

2) Articulates your firm's approach to ensuring that small businesses will have subcontracting opportunities during Phase 2 (CDMP implementation) to the maximum practicable level. For example, this discussion should include an illustrative list of work areas (e.g., building, maintenance, etc.) in which you will use small businesses.

3) Provides your plan for how much (either in dollars or as a percentage) of the overall cost of this project will be subcontracted to small business concerns. Developers should outline plans and schedules for conducting small business outreach events.

4) Provides a point of contact that can validate your use of small business subcontractors. This is required for each project performed within the last three years. If multiple subcontractors were on each

project, a point of contact is only required for one subcontractor, to include small businesses, per project.

b. For your reference in providing this information, the term small business refers to Small Businesses, Small Disadvantaged Businesses, Women-Owned Small Businesses, Veteran-Owned Small Businesses and Service-Disabled Veteran-Owned Small Businesses. Information concerning the definition and size standards for small businesses may be found at 13 Code of Federal Regulations (CFR) Parts 121 and 124.

c. Although the above CFR section contains the accurate definition, in general, a small business is defined as an independently owned and operated business, not dominant in its field of operation and generally restricted by number of employees or average annual gross revenue. For instance, for many service industries, the firm must have less than \$5 million in average annual gross revenue over a three-year period to be considered small. For other service industries, the firm must employ less than 500 employees. A small disadvantaged business must, in addition to being small, also be at least 51 percent unconditionally and directly owned by one or more socially and economically disadvantaged individual(s) who is/are a citizen(s) of the United States. A woman-owned small business is a small business that is at least 51 percent owned and controlled by one or more women. A veteran-owned small business is a small business that is at least 51 percent owned and controlled by one or more veterans (as defined at 38 U.S.C.101 (2)) and management and daily business operations of which are controlled by one or more veterans. A service-disabled veteran-owned small business is a small business that is at least 51 percent owned and controlled by one or more service-disabled veterans (service-disabled veteran means a veteran with a disability that is service connected as defined in 38 U.S.C.101 (16)).

#### **4.4 Evaluation Process**

The Army will establish an Evaluation Team to review responses to this RFQ in order to select the developers for the project. The Evaluation Team will include Army executives and other personnel and will seek advice from consultants with specific expertise in large-scale residential community development, historic preservation projects, environmental issues, financing, operations, and management services. The Team will evaluate the submittals in two parts. An initial review will be conducted to ascertain whether submittals have met the MERs as outlined in the solicitation. The offerors who have met the MERs will be invited to submit a SOQ in response to the seven evaluation factors. The Evaluation Team will then review those proposals in order to establish a competitive range. Additional communication with prospective developers, as well as independent background analyses, may be conducted at the discretion of the Contracting Officer. References identified by prospective developers in their submissions and other third parties may also be contacted.

#### **4.4.1 Written Submissions to the RFQ**

The offeror's written SOQ should contain all information that the offeror deems is needed by The Army to make a selection. While the government does not intend to meet with offerors regarding revisions to their submissions, The Army may contact offerors to clarify certain aspects of their submission or to correct clerical errors. For example, The Army may contact an offeror to clarify the scope of the offeror's involvement in a past development project. The Army will establish a competitive range and will limit the number of firms included in the competitive range to ensure the evaluation process is as efficient as possible. Additional details concerning the competitive range and its formation may be found in Appendix C.

#### **4.4.2 Oral Clarifications**

- a. The Army may, but is not required to, engage in oral clarifications. If The Army decides to engage in oral clarifications, offerors will be provided questions, in advance, to answer during the clarifications, and offerors will also be given an opportunity to expand on their written preliminary concept. Offerors will be notified to properly arrange for their oral clarifications meeting. Each offeror will then be assigned one clarification date and time. The order of appearance will be selected on a random basis. Offerors agree to hold their proposals open for 12 months (365 calendar days) from the date of closing in the event the oral clarifications are delayed.
- b. Offerors will be given approximately 30 days to prepare for their oral clarifications. Each offeror that receives clarification questions will be allowed four (4) hours to discuss their vision for the USARHAW project and respond to clarification questions. Oral clarifications will be recorded on videotape. One copy of the videotape will be provided to the offeror within three to four weeks of the completion of the oral clarification.
- c. Offerors will provide one clearly identified original hardcopy version of the content of their clarifications (plus five copies), as well as a copy on a compact disk (CD) at the time of the meeting. Written material submitted in anticipation of and concurrent with oral clarifications shall conform with Section 4.1.4.
- d. Offerors will have 72 hours after the conclusion of the oral clarification to submit further clarifications and responses to questions, not to exceed 25 pages, to the contract specialist listed in section 4.1.1 of this RFQ. This final submittal document must be signed by the offeror's principal members and be submitted in a clearly identified original hardcopy version (plus five copies), and provided electronically on compact disk (CD). Blank tab pages do not count toward the 25-page count. Submissions shall be in Microsoft Word format, 12-point type in

the Arial font, except that tables, charts and 3<sup>rd</sup> party documentation may be in any format, type and size font.

**4.4.3 Source Selection Decision.** At the conclusion of any oral clarifications and subsequent evaluation, the Evaluation Team will present its assessment to the Contracting Officer who will then brief the results to the Source Selection Authority (SSA). The SSA's decision shall be based on a comparative assessment of each proposal against all source selection criteria in the solicitation. While the SSA may use reports and analyses prepared by others, the source selection decision will represent the SSA's independent judgment. Upon receipt of the SSA's decision, the Contracting Officer will make the award.

#### **4.5 Evaluation Factors**

a. The Evaluation Team will use seven factors to evaluate the information provided in response to this RFQ. These factors are listed here in descending order of importance: (1) Experience, (2) Preliminary Project Concept, (3) Financial Capability, (4) Financial Return, (5) Organizational Capability, (6) Past Performance, and (7) Small Business Utilization and Plan.

b. The assessment of Past Performance will be used in making the "Best Value" selection. Past Performance enables The Army to better predict the quality of, and customer satisfaction with, future work. The developer in this initiative must deliver the same high quality of service to The Army as it delivers to its best private sector customers. The emphasis placed on past performance demonstrates The Army's commitment to select the offeror that will accomplish, at a minimum, what was presented in the RFQ response and negotiated during the CDMP for the entire term of the project. Accordingly, offerors will be required to submit project past performance information as stated in Section 4.3.6.

c. The Past Performance Questionnaire (Appendix H) will be used by the Evaluation Team to obtain customer input on the projects submitted and this information will be consolidated into an overall Past Performance rating. The evaluation team may consider information about other projects performed by offerors and identified through any and all means, including but not limited to customer surveys and comments from Government agencies.

d. The elements and questions for each factor will be evaluated comprehensively to determine an overall rating for that factor, which will be used to analyze the offeror's ability to plan and implement the project.

e. Each individual evaluation factor will be rated (as indicated below). The evaluators will assign one of the following ratings to each factor:

- 1) Exceptional Plus (E+): The offeror has addressed substantially all of the elements in this factor in a manner that demonstrates superior



added value above a satisfactory response for substantially all of the elements.

2) Exceptional (E): The offeror has addressed many of the elements of this factor in a manner that demonstrates superior added value above a satisfactory response and has addressed substantially all of the remaining elements in this factor in a manner that demonstrates high added value above a satisfactory response.

3) Acceptable Plus (A+): The offeror has addressed many of the elements in this factor in a manner that demonstrates some added value above a satisfactory response and has addressed substantially all of the remaining elements in this factor in a manner that demonstrates a satisfactory response.

4) Acceptable (A): The offeror has addressed substantially all of the elements in this factor in a satisfactory manner.

5) Unacceptable (U): The offeror has failed to address substantially all of the elements of this factor in a satisfactory manner or has simply failed to address substantially all of the elements in this factor.

6) Neutral: This rating will only be used to evaluate an offeror in the past performance evaluation factor (4.3.6). The offeror did not have a sufficient history that could be evaluated in a level of detail that allowed the evaluation team to draw a conclusion about the offeror's past performance.

f. (1) In addition, the evaluators will assign an overall rating to each proposal as indicated below:

A) Exceptional Plus (E+): The offeror has addressed substantially all of the elements in all the factors in a manner that demonstrates superior added value above a satisfactory response.

B) Exceptional (E): The offeror has addressed many of the factors in a manner that demonstrates superior added value above a satisfactory response and has addressed substantially all of the remaining factors in a manner that demonstrates high added value above a satisfactory response.

C) Acceptable Plus (A+): The offeror has addressed many of the factors in a manner that demonstrates some added value above a satisfactory response and has addressed substantially all of the remaining factors in a manner that demonstrates a satisfactory response.

D) Acceptable (A): The offeror has addressed substantially all of the factors in a satisfactory manner.

E) Unacceptable (U): The offeror has failed to address substantially all of the factors in a satisfactory manner or has simply failed to address substantially all of the factors.

(2) The evaluators will use the rating of each evaluation factor to determine a composite rating for the submission. The evaluation team chairperson will prepare the evaluation team consensus report based on the details of the individual reports, recording dissenting votes as a minority opinion. The evaluation team consensus report shall deal specifically with the facts of each offeror submission. It will not include a recommendation as to the offeror who shall receive award, nor a rank order or order of merit list of those offerors being evaluated. The SSA will consider the evaluation team consensus report while independently exercising prudent business judgment to arrive at a Source Selection Decision based on the offeror who presents the best value to the Government. The SSA will select the primary and secondary offers that provides the best value to the Government.

g. In addition to the adjectival ratings above, a risk rating will be assigned to the overall proposal. The purpose of this rating is to assess the level of risk associated with selecting the contractor to perform Phase 1, Project Planning and Phase 2, Project Implementation.

h. The evaluators will assign one of the following risk ratings to the offerors' submittal:

1) Low Risk: Any weaknesses identified by the evaluators in the experience, approach, capabilities, and/or past performance record of the developer that have little potential to cause disruption to the planning and implementation phases. Normal contractor/government effort and monitoring will probably minimize any difficulties.

2) Moderate Risk: There are weaknesses identified by the evaluators in the experience, approach, capabilities, and/or past performance record of the offeror that can potentially cause disruption to the planning and implementation phases. Special contractor/government emphasis and close monitoring will probably minimize any difficulties.

3) High Risk: There are weaknesses identified by the evaluators in the experience, approach, capabilities, and/or past performance record of the developer that have the potential to cause significant disruption to the planning and implementation phases even with special contractor/government emphasis and close monitoring.

- i. The evaluators will document the weaknesses and their potential impact on disruption to the planning and implementation phases of the project to justify the contractor selection rating.

#### **4.5.1 Experience**

a. For firms that meet the minimum requirements, the following questions and elements will aid the Evaluation Team in evaluating the experience factor.

**Does the offeror possess the experience necessary to plan, design, finance, partner, and implement projects such as those identified in this solicitation?**

1. To what extent has the offeror demonstrated through experience the ability to plan, develop, redevelop, manage, and maintain large-scale residential development projects, including providing for their construction, financing, environmental management, and long-term operation, as well as recognizing and mitigating seismic conditions?
2. To what extent has the offeror demonstrated through experience the ability to serve as a contractor and partner in working with the federal government, state or local governments, or non-profit institutions?
3. To what extent has the offeror demonstrated through experience the ability to address environmental and historic property treatment issues and conform to restrictions and guidelines for the environmental remediation and preservation of these property types?
4. To what extent has the offeror demonstrated the ability through experience to renovate housing units while residents occupy units in another portion of the same development project?
5. To what extent has the offeror demonstrated through experience, and in relation to its approach to managing the project, the ability to work successfully in cooperation with other business entities or organizations on complex projects requiring long-term real estate operation, maintenance, and property management?

b. This last factor element evaluates the extent to which a single-firm offeror has worked with other organizations (e.g., subcontractors, financial institutions) on projects requiring long-term real estate operation, maintenance, and property management functions. In the case of a joint venture, this last factor element also evaluates the extent to which the joint venture's principal members have experience working together or with other organizations on these projects in joint ventures or similar types of business relationships.

#### **4.5.2 Preliminary Project Concept Statement**

This factor considers the prospective offeror's overall project concept for the long-term development, operation, maintenance, and property management of the specified military family housing community, and the offeror's creativity in meeting The Army's objectives. The following questions and elements will aid the Evaluation Team in evaluating the Preliminary Project Concept factor.

**Has the offeror provided a creative, robust vision that meets The Army's needs and signals a realistic, successful outcome?**

1. Does the prospective offeror understand The Army's goals and needs for the project as identified in Section 1.1 of this solicitation?
2. Is the offeror's approach to the project, including its plan for reinvestment and its plan for providing quality long-term operation, maintenance, and property management, practical and likely to succeed from a long-term business and financial standpoint?
3. Does the offeror's approach adequately consider the installation information, including the vision and goals for the RCI Project as summarized in Section 2.1.1 and the Appendices?
4. Do all ancillary supporting facilities proposed as part of the overall project concept relate to and support housing? Similarly, to what extent are proposed ancillary supporting facilities incorporated into an overall development vision that seeks to complement (and not compete with) business operations in the local community or on-post operations such as those run by MWR activities and organizations such as AAFES or DeCA (see Section 2.1.1)?

#### **4.5.3 Financial Capabilities**

The following questions and elements will aid the Evaluation Team while evaluating the Financial Capabilities factor.

**Can the offeror structure, arrange, and manage the financing required for the successful development and long-term operation of a large, complex residential project?**

1. Does the offeror possess the financial capability, bonding capacity, and institutional relationships necessary to obtain financing for a project of this size and scope and to weather temporary or near-term cash flow shortfalls?

2. Does the offeror have a viable strategy for financing the project on a long-term basis, and is the strategy supported by the offeror's identified capabilities?
3. Does the offeror identify sources and amounts of equity to be used in the project and for the duration of this equity investment?

#### **4.5.4 Financial Return**

- a. The following questions and elements will aid the Evaluation team in evaluating the Financial Return factor.

**How and to what extent will the offeror's expected capital structure and financial return (taking into account the proposed ownership structure, reinvestment plan, and use of MHPI authorities) promote the successful improvement in the quality of the residential community at the installation and the quality of life for soldiers and families living on the Installation?**

1. Does the offeror's proposed approach to generating a financial return provide incentives to reward good service and high-quality maintenance over the life of the project?
2. Does the offeror outline a plan for ensuring that the lowest cost debt is available to the project?
3. Does the offeror's proposed use of MHPI authorities and implementation of the offeror's concept under OMB scoring rules affect the level or quality of improvements in the housing community?
4. Does the offeror's financial plan (including debt, equity, fees and MHPI authorities) accurately reflect the risk borne by the various parties?
5. Does the offeror's financial plan demonstrate an understanding of both the use of capital and the cash flow stream generated by the Basic Allowance for Housing (BAH)?

- b. The effect of implementing an offeror's concept under OMB scoring rules will be taken into account by The Army and will affect offeror evaluations. However, cost or price will not be the primary determinant of contractor selection.

#### **4.5.5 Organizational Capabilities**

The following questions and elements will aid the Evaluation Team in evaluating the organizational capabilities factor.

**To what extent can the offeror field a qualified, experienced project team with the expertise and workload capacity necessary to manage all of the disciplines required to plan, develop, redevelop, manage, and maintain a large-scale, long-term, quality residential community development project?**

1. Does the offeror possess the organizational capability to field a team that possesses the skills necessary to make the CDMP creation process successful, to cover all of the disciplines required to successfully implement the CDMP over the long-term, and to maintain high standards of development, redevelopment, service and operations. Some of these disciplines include business planning, master planning, financing, public approvals, community and governmental relations, construction, environmental management, seismic mitigation, volcano eruption, marketing, sales, rentals, historic preservation (architecture, landscape, and archeology) and long-term property management and maintenance.
2. Does the offeror present an organizational structure that allows for successful oversight and creation of a CDMP?
3. Does the offeror successfully demonstrate the workload capacity to incorporate the proposed RCI project into their current and planned business operations?

This factor considers the prospective offeror's ability to manage and integrate various functional disciplines relevant to the successful implementation of the project. Offeror's should address their joint venture's workload and bonding capacity and how they would successfully incorporate award of this project into their other business operations. In the case of joint ventures, this factor evaluates the organizational capabilities of each member of the joint venture in their assigned areas of responsibility (see Section 4.3.5) and any previous or current third-party certification of such ability. One-page resumes for individual personnel who have been identified as key participants in this project should be included in the hard copy submission but will not count against the 25-page limit.

#### **4.5.6 Past Performance**

The following questions and elements will aid the Evaluation Team in evaluating the past performance factor.

**How acceptable is the offeror's risk of non-performance or poor performance in either crafting or implementing the CDMP for the project, based on past performance?**

1. The Army's evaluation of past performance will be based on information provided by the prospective offeror as required in Section 4.3.6, as well as on independent background analyses. The Past Performance Questionnaire (Appendix H) will be used by the Evaluation Team to obtain customer input on the projects submitted, and this information will be consolidated into an overall performance rating. References identified in the submission, and by third parties, may be contacted as part of this evaluation. The Army's analysis of the offeror's past performance will take into account the currency and relevancy of information examined, the context of the data, and general trends in the offeror's performance.
2. Consistent with Section 4.3.6, the past performance for a joint venture will consider both the joint ventures' past performance and that of its principal members. Offerors and principal members in a joint venture that lack a past performance history will be given a neutral past-performance evaluation.

#### **4.5.7 Small Business Utilization and Plan**

The following questions and elements will aid the Evaluation Team in evaluating the Small Business Utilization and Plan factor.

- 1. How has the offeror used small businesses in past projects? Does the offeror have proactive policies with regard to the use of small businesses and can the offeror demonstrate that small business utilization has been emphasized, even when not required by the government?**

This factor considers the participation of small businesses in the firm's past and current projects. This would include type of work subcontracted to small businesses, percentage of the dollar amount of work that was subcontracted to small businesses per project compared to the overall cost of the project, what your goals were and if you met your goals (by what percentage), etc. In the case of a joint venture, information on the use of small businesses on past/current projects should be provided separately for each principal member.

- 2. How will the offeror use small businesses for this project?**

It is Army policy to ensure that small businesses have the maximum practicable subcontracting opportunity to participate during Phase 2 (implementation of the CDMF). This factor considers the offeror's plan (i.e., illustrative list of work areas) for utilization of small businesses during Phase 2 of this project, as well as percentage of work or dollars that will be subcontracted to small businesses.

## **5.0 ADVISORS**

Representatives from Jones Lang LaSalle, Colliers Seeley International, Inc. and the University of Maryland have been retained to assist The Army in planning and implementing the RCI program. Each of these entities and their subcontractors are precluded from working with prospective offerors on their submissions for the RCI Projects.

## **6.0 ADDITIONAL TERMS AND CONDITIONS**

Prospective offerors interested in pursuing this opportunity should also review the provisions set forth in Appendix C of this document and include with their submissions the requested representations and certifications. Depending on the specific terms of the CDMP, the selected contractor may be required to comply with other applicable public laws and regulations as a condition of proceeding with implementation. Clauses required to implement the CDMP will be added or deleted by The Army as appropriate. A glossary of terms, Appendix G, is provided to assist in the preparation of your submissions.

## **7.0 SOLICITATION, OFFER, AND AWARD**

The Army will treat all submissions received in response to this RFQ as offers. If an offer is accepted by The Army, the undersigned agrees to perform all work required in the Work Statement for the project (Section 2.0) and to comply with all other provisions of the solicitation, including all clauses incorporated by reference (see Appendix C). The undersigned further warrants that, to the best of its knowledge and belief, all information provided in their submission is accurate and may be relied on by The Army for the purposes of selecting a contractor for contract award. Prior to acceptance, the respondent may withdraw its submission. However, unless withdrawn by written notice, the offeror agrees to leave its offer open and capable of being accepted by the government for 12 months (365 calendar days) from the date of CDMP contract award (see Section 2.1.4). The offeror understands that the details of the winning submissions will be the baseline for negotiation of the CDMP with The Army.



**Solicitation DACA31-03-R-0001**

**[Department of The Army]**

Name \_\_\_\_\_ Title \_\_\_\_\_  
(Print or Type)

By: \_\_\_\_\_ Date signed \_\_\_\_\_  
(Signature of person authorized to sign on behalf of the U.S. Army)

**Offeror**

Name \_\_\_\_\_ Title \_\_\_\_\_  
(Print or Type)

Firm Name \_\_\_\_\_

By: \_\_\_\_\_ Date signed: \_\_\_\_\_  
(Signature of person authorized to sign on behalf of the offeror)